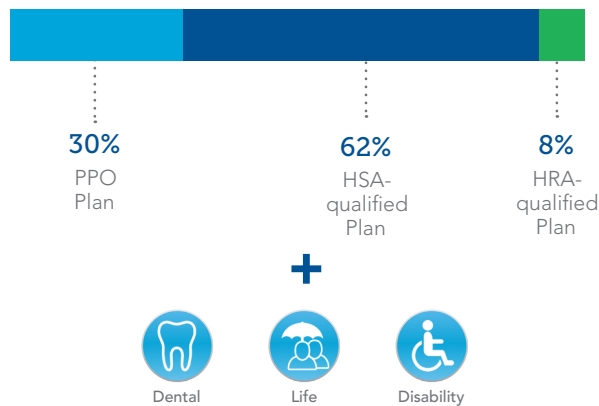


# An Exchange Saves Money by Letting People Buy the Products They Actually Need

Commercial real estate firm based in Ohio with 400+ employees

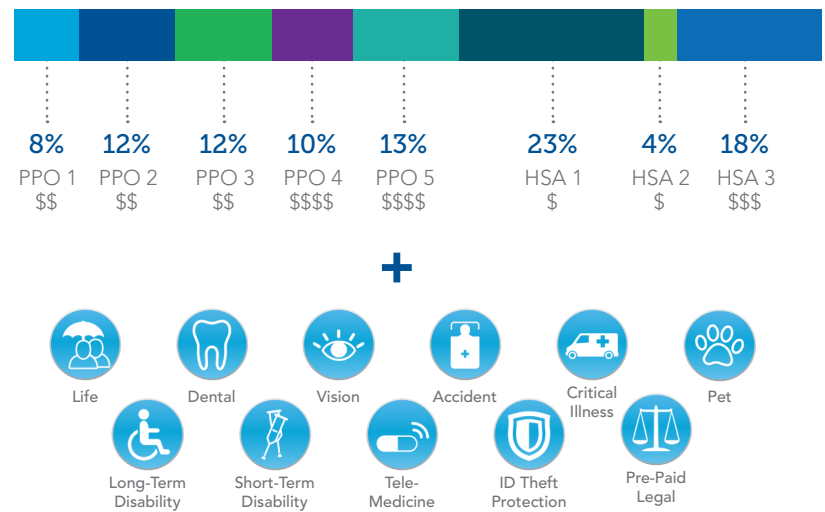
In 2014, Company's employees had only 3 medical plans to choose from and had 3 other insurance benefits. Company offered an \$800 incentive to encourage participation in the HSA-qualified plan, costing Company over \$200,000, but was still seeing a ~10% year over year increase in its benefit costs.

## Before the Exchange (2014)

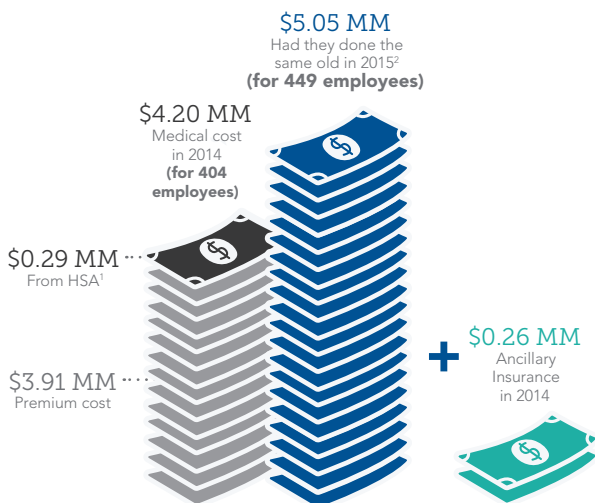


With the Exchange, employees had 5 PPO and 3 HSA-qualified plans to choose from. 45% of them chose HSA-qualified plans even though there was no financial incentive and put more than \$500k in tax-advantaged (HSA/FSA) accounts. They could also buy a wide range of insurance products to protect themselves in case of illness or accidents. At the same time, Company was able to avoid a hefty increase in benefit costs.

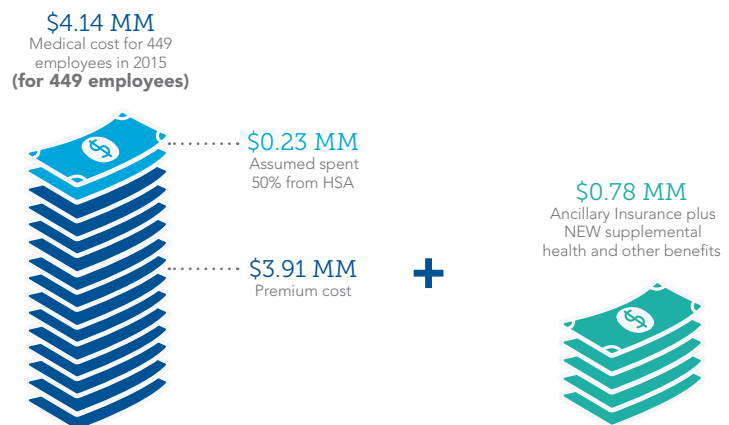
## With the Exchange (2015)



## Projected Cost With Status Quo (2015)



## Actual Cost With the Exchange (2015)



The Bottom Line

### Company:

- Avoided a \$0.67 MM cost increase

### Employees:

- Got medical plans tailored to their individual needs and a greater choice of ancillary products



<sup>1</sup> Assumes same level of HSA spend per account as with the Exchange (\$1164).

<sup>2</sup> Assumptions: \$391K (10%) increase from higher rates and \$462K increase for higher employee count; includes same level of HSA spend per account as with the Exchange (\$1164).

With the Exchange, employees can personalize a portfolio of benefits to fit the specific needs of their families. When employees choose the coverage they need, they choose more efficiently. They don't buy the "rich" plans they don't use.

**They save money for the whole health care system,  
their employers, and themselves.**

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## Doesn't this mean employees are worse off with worse insurance?

### Why doesn't this hurt employees?

- Everyone gets health insurance with coverage that's right for them
  - All health plans protect people in case of a catastrophic illness or accident
  - All health plans cover preventive care 100%
  - The Exchange helps them figure out what they actually need based on their personal profiles
  - Many people are willing to save money to get different (physician network, paperwork, copay level, deductible level) health insurance coverage
- A broader portfolio of insurance plans protects against risk better than just health insurance
  - Coupling health insurance with other insurance products, like Accident, Critical Illness, and Disability, provides better financial coverage
  - Wellness and dental programs can help prevent illness in the first place

### Why Does This Work?

- Employees are more engaged and finally understand their coverage
  - More likely to use online tools to look up cost information<sup>1</sup>
  - More likely to complete a health risk assessment<sup>1</sup>
  - Lower non-urgent emergency room use<sup>1</sup>
  - Incur overall lower medical costs while spending more on preventive care<sup>1</sup>
- Employees can and want to be in the driver's seat
  - In a nationwide survey, 83% of employees with employer-sponsored coverage said they would be better-suited than their employers to choose a health plan for themselves.<sup>2</sup>

<sup>1</sup> Aetna HealthFund study, 2010.

<sup>2</sup> Open Enrollment Survey. Kelton Research, October 2011.

